

The Honorable Board of Mayor and Alderman, City Department Heads,
Invited Guests, and My Fellow Taxpayers:

I am delighted to stand before you this evening to submit my first budget as the Mayor of Manchester. It has been an educational experience for myself and proved to be a very challenging endeavor for everyone involved in the process. I say “challenging” because when I ran for this office, I promised that I would cut taxes without affecting key city services. When I received the high honor of being elected Mayor, the voters spoke loud and clear and today I am putting forth a budget, which echoes the voters wishes and cuts taxes by 1.23 percent.

Four months ago during my Transition, I stood in this very Chamber and issued my first set of budget instructions to the city departments, asking them to approach budgeting in a new and different way. I asked them to use zero-based budgeting practices, justifying every dollar spent so that the Board of Mayor and Alderman would see a requested departmental budget that better reflects the services provided for the upcoming fiscal year. I believe this change was successful in helping departments to rethink their budgeting practices and significantly reduced their requested budgets. Subsequently, I met with each department head (and in some cases more than once) to discuss their proposed budget requests so that I might better

understand what is contained in each one. I found that some departments are run very efficiently and represent the interests of the taxpayers extremely well. I also found that some have been run inefficiently and lack a desire to consider ways in which the services they provide to taxpayers might be distributed in a better way. This budget is a bold and important first step in addressing these inefficiencies, however our work does not stop here. I will continue working with all city departments, to deliver taxpayers nothing less than complete and total reform of city government.

Tonight I am proud to reveal to you a budget which provides the people of Manchester a real tax cut, the first since 1999. This was accomplished by working with each City Department to prioritize how we spend taxpayer dollars. By working with our departments we can reform delivery of our city services to better serve the people of Manchester. Personally, I believe as Manchester moves forward, a combination of spending restraint and fiscal growth will lead to lower taxes for all citizens.

At this time I would urge members of the board, department heads and interested members of the public to be careful when reviewing the budget material. The budget summery sheet reflects a substantial reorganization of city government. And I strongly advise you not to jump to any conclusions with regard to individual line items.

The City Charter mandates that the Mayor submit a budget message that addresses certain key points. The remainder of this presentation will be formatted to comply with the Charter.

I. Outline of city programs and services affected:

- a. Consolidation: Based upon my previous communication to the Board recommending a consolidation of the Traffic Department into the Highway Department, I have submitted a budget that considers my consolidation proposal.
- b. Manchester Economic Development Office: Based upon the recommendations of Angelou Economics, I have increased the budget for MEDO to address areas of economic development. The increased expenditures are fully offset by increased revenues to be raised from the private sector.
- c. Parks & Recreation: I have moved Gill Stadium back into the Recreation Enterprise in order to protect this facility from the neglect it received when it was last in the operating budget. This Board has resisted this decision in the past, but I want the Alderman to know that it was done with the best interests of Gill and our youth in mind. I have also eliminated the Business Service Officer from this budget.

- d. Human Resources: I have removed funding for two positions within this budget: the Chief Negotiator and the Security Coordinator positions. I believe that other city employees can adequately address these functions.
- e. Health Department: Based upon discussions with the Health Director, I am transferring the school nurses from the Health Department to the School District. This will allow for greater control by school principals without jeopardizing public health and has no fiscal impact.
- f. Information Systems: I have eliminated five positions within this department. I reached this difficult decision after consulting with outside professionals in the technology arena who believed this department was too top-heavy. The Information Systems department needs to work more closely with the other city departments to identify staff capable of handling many of the service issues now handled by the Info Systems Department.
- g. City Clerk: I am moving two positions out of the Clerk's budget – one is going to assist Central Purchasing and one to assist Lock Box services. It is my belief that there is

significant room for improvement of services within the Clerk's budget and have indicated my willingness to work with that department to better coordinate services.

- h. Highway: I am moving the Purchasing Agent from Highway to the Central Purchasing Office as part of this budget.
- i. Police: Based upon a previous commitment to public safety concerns, in this budget I am funding the six additional police officers announced earlier this month and will fund 8 new police cruisers in the Motorized Equipment Replacement budget. We will also be moving forward with the implementation of the CompStat program this fiscal year. It is my hope that by providing the Police Department with the very best tools and manpower we will gain the public's trust and confidence that our city remains a safe place to live work and visit.
- j. Fire Department: I am removing the Business Service Officer from this department and appointing him as the Fleet Manager for the city.
- k. Library: I am reducing their total appropriation to less than that of FY06 and believe that this organization is too staff

heavy. I fully expect the Library administration to work within this number without reducing the hours of service at our two public libraries.

- l. MCTV: I have moved the MCTV budget into the Manchester School District's budget. I believe that this agency properly belongs in that structure.
- m. Schools: I am reducing the School request of \$148,053,742 to \$143,000,000. I believe this number is justifiable based upon a lower debt service (nearly \$2 million) in FY07 compared to that of FY06, and a historical trend of the School Department returning an average of \$1 million to the city's general fund each year and spending \$3 million less than their appropriation. I also believe that the School District needs to shift its spending priorities toward direct classroom instruction. Therefore, I am directing the school district to establish a plan to increase the funding in this budget for direct classroom instruction from the current 60 percent to not only meet but exceed the national standard of 65 percent set by the National School Boards Association.

- n. Aggregation: I am not making an appropriation for the Aggregation program in this budget. I intend to come to the Board in the coming weeks with a plan to close out this program permanently.
- o. Capital Budget: I am proposing a capital budget that has reduced city cash expenditures by 15% and bonding by 50%. These combined with a reduction in available CDBG funding will make this a very lean year. However, important projects will still get done and I believe that few agencies (public or non-profit) will be adversely affected.

II. Important Features Proposed by this Budget

- a. Parking Enterprise: I am proposing the establishment of a parking enterprise in order to better coordinate the availability of parking in the Downtown and Millyard. It has become increasingly apparent to me that the city needs a professional to coordinate parking in the city to help foster additional business growth and to make our city more business friendly. I will further explain this proposal before the Finance Committee.

- b. Central Purchasing: I am establishing an Office of Central Purchasing through this budget and will pay for this through the rebates associated with the use of a new purchasing card system being introduced by the Finance Department. The Central Purchaser will be a professional who will work with city departments to achieve greater savings across the city and will be assisted by existing city employees moved from both the Highway Department and the City Clerk's Office. The Office will answer directly to the Mayor and will be located in the Traffic Department's administrative offices. Although there are projected saving in FY07, more substantial savings will be achieved in FY08 and later years.
- c. Fleet Manager: I am establishing an Office of Fleet Management and have moved the BSO from the Fire Department to the position of Fleet Manager. The Fleet Manager will answer directly to the Mayor and will be housed in the Traffic Department's administrative offices. The Fleet Manager will share staff with the Central Purchaser. It is my expectation that we will see an overall decline in fleet costs.

- d. Lock Box Services: Within my budget I have transferred two employees, one from the City Clerk's Office and one from Building Maintenance Department, to the Finance Department. The Finance Department will be able to utilize these individuals in a manner that will reduce banking services that the city now pays for and to generate new general fund revenues. The employee costs in Finance will be off-set by a combination of the savings and the revenues. True savings for the taxpayer are in reducing personnel costs in the other two departments.
- e. Performance-Based Budgeting: I have proposed spending \$50,000 in FY07 to move the city toward performance-based budgeting. Performance-based budgeting reviews spending by individual activities thus helping policy makers to decide which functions are necessary and which are superfluous to the needs of taxpayers. I fully intend to submit the FY08 budget as a performance-based budget and it is my hope that this Board will support this vision.

III. Major Changes in Financial Policy, Expenditures and Revenues

a. Financial Policy:

- **Staffing/Benefits:** Within this budget, we have not cut considerable positions and I am in fact glad not to have done so. However in order to deliver tax cuts and in order to keep costs low, we will need to keep a tight watch on salaries and benefits to ensure they do not grow beyond our control. Therefore as part of this budget, I will be asking the Board to continue the policy of a hiring freeze, allowing the Mayor to exempt positions from the freeze on a case by case basis.
- **Attrition:** The Board is aware that the city experiences considerable attrition of positions every year, approximately 10 percent, however it has proven difficult to budget for this due to the unpredictability of which departments might have employees leave or retire. In order to fully utilize attrition savings, I have removed \$2.4 million from the departmental salary line items and set aside \$1 million in salary adjustment to cover those departments that have fewer than projected vacancies.

The remaining \$1.4 million has been returned to the taxpayer for property tax relief.

- Retirement: As the public is aware, the cost of the Contributory Retirement system has risen extensively due in part to the health care subsidy now provided to the retirees. I am funding this subsidy because legally we are required to do so but am not funding a 3% COLA request since there are insufficient funds in the plan to cover this cost.
- Reserves: I am continuing a long-standing policy of leaving the city's reserve accounts untouched. I do not believe these should be tapped at this time for tax cuts or for additional spending. I am however using \$500,000 of the FY06 fund balance to offset increased expenses.
- Year of Planning: Many of the fiscal decisions made in both the operating and capital budgets were based upon using this fiscal year for planning purposes. Unlike previous budgets, this one is designed to review budget priorities over the next year. I have not funded many programs like MER, street paving and sidewalks to the

fullest because I believe the city must take some time and assess its priorities. Throwing money at a situation does no good if there is not a citywide plan behind it. We need to spend with a plan in order to better address the true priorities of the taxpayer.

- b. Expenditures: Zero-based budgeting allowed me to help to better set spending priorities. By making the departments outline what they spend their appropriation on, I was able to better set spending priorities within the entire budget.
- c. Revenues: This budget takes a cautious approach to revenue projections. I have worked closely with the Finance Department and believe these numbers are realistic.

IV. Debt Position

Both maturing debt and interest on maturing debt are below the FY06 numbers. This is primarily due to the restraint of capital spending.

I want to assure the public that I will continue to represent their interests throughout this budget process. I will work closely with the Board of Mayor and Aldermen to ensure that we deliver a fair and reasonable budget to the residents of Manchester that includes a tax

cut. I also want to assure this Board that you will have my fullest cooperation in the coming months to enact a budget that best represents the interests of the city's taxpayers. Working together, we can achieve a great deal more than working apart.